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Chapter 5 GOVERNMENT PURCHASE CARD

5.01 Introduction

This chapter gives administrative procedures and guidelines on the use of the government purchase card for official purchases. The Department of Veterans Affairs' (VA) Purchase Card Program is part of the General Services Administration (GSA) SmartPay Program that follows Federal Acquisition Regulations (FAR).

5.02 References and Resources

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|-----------------|---|
| Laws: | The Davis-Bacon Act Service Contract Act of 1965 |
| Regulations: | VA Acquisition Regulation (VAAR) 813.202 FAR 13 38 Code of Federal Regulation (CFR) 21.156 38 CFR 21.210 |
| Resources: | National Archives and Records Administration (NARA), General Schedule 6 VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1 |
| VA Forms (VAF): | VAF 0242, Government Wide Purchase Card Certification Form VAF 28-1905d, Special Report of Training VAF 28-1905m, Request for and Receipt of Supplies The Government Purchase Card Log The Purchase Card Checklist, Single Purchases \$3,000 and Below (Micro-Purchase) |
| Website: | http://www.gsa.gov/portal/content/101378 https://www.smartpay.gsa.gov/about-gsa-smartpay/tax-information/state-response-letter https://www.smartpay.gsa.gov/news/smart-bulletins |

5.03 General Information

The government purchase card is used as a purchase and payment method for supplies and services purchased for Veterans participating in the Vocational Rehabilitation and Employment (VR&E) Program in accordance with Simplified

Acquisition Procedures (FAR Part 13 and Veterans Affairs Acquisition Regulations [VAAR] Part 813).

The government purchase card is primarily used by VR&E as a payment method for supplies not available at a facility bookstore, and in some cases it can be used for the payment of services, such as tutorial assistance. VR&E cardholders do not have the authority to make purchases over the micro-purchase threshold.

a. Micro-purchases

A micro-purchase is an acquisition of supplies or services using simplified acquisition procedures where the amount of the total requirement does not exceed the micro-purchase threshold set by the FAR. The standard micro-purchase threshold is currently \$3,000 per transaction. The following exceptions apply:

- Acquisitions of construction are subject to the Davis-Bacon Act with a limit of \$2,000.
- Acquisitions of services are subject to the Service Contract Act of 1965 with a limit of \$2,500.

VR&E staff must be aware that only a cardholder who has a warrant can make simplified acquisitions over the micro-purchase threshold. VR&E Officers and Assistant VR&E Officers are not required to have a warrant and must consult with the local VBA Acquisition Contracting Officer on issues related to making purchases over the micro-purchase threshold. Refer to M28R.V.B.4 for more information.

b. Prohibited Purchases

The purchase card must not be used for the following:

- Long-term rental or lease of land or buildings of any type.
- Purchases of travel (airline, bus, boat, or train tickets) or travel-related expenses.
- Cash Advances.
- Memberships in organizations or clubs, unless deemed appropriate by the Regional Office (RO) Director.
- Third-party merchant purchases (Paypal, eMoney, Eaccount, etc.).

- Medical Services (see M28R.V.A.5 for more information on obtaining medical services and treatment from the Veterans Health Administration [VHA]).
- Purchases of firearms, ammunition and firearms parts.
- Purchases of health insurance (see M28R.V.A.5 for more information on allowable school health fees/expenses).

5.04. Purchasing Guidelines

VR&E staff may use the government purchase card to purchase supplies, incidental goods and services, and tutorial assistance for Veterans participating in the VR&E Program to expedite the delivery and processing of payment. Documentation is required to justify each purchase and to clearly show that the Veteran received each item purchased. The Vocational Rehabilitation Counselor (VRC) is responsible for ensuring that appropriate justification is received from the Veteran, the training facility, or other service provider. VR&E staff must ensure that procedures for the purchase of supplies, incidental goods and services, and tutorial assistance under the VR&E Program are properly followed.

a. Supplies

According to 38 CFR 21.210, supplies are furnished to enable a Veteran to pursue rehabilitation and achieve the goals of his/her program. Whenever possible VR&E staff should obtain supplies from a facility bookstore, but the purchase card is the preferred method of payment when supplies are not available at a facility bookstore.

It is the responsibility of the VRC to ensure that criteria and guidelines outlined in M28R.V.A.4 are properly implemented prior to making a purchase with the government purchase card. The VRC must ensure that justification for the purchase is documented on VAF 28-1905d (See Appendix O, VA Forms) and filed in the Veteran's Counseling/Evaluation/Rehabilitation (CER) folder or in a Corporate WINRS (CWINRS) note. This justification must be printed and included in the reconciliation packet. (See section 5.06 of this chapter for more information on the reconciliation packet.)

VR&E staff may use the purchase card to purchase the following supplies for Veterans participating in the VR&E Program when they are not available at a facility bookstore:

- Books
- Office supplies

- Tools
- Consumable goods
- Computers and printers
- Other materials or equipment that the Veteran needs to pursue training or achieve an employment or independent living goal

b. Federal Strategic Sourcing Initiative

VR&E staff should be aware of The Federal Strategic Sourcing Initiative (FSSI) that governed the purchase of office supplies and was intended to cut procurement costs government-wide. This included office supplies purchased on behalf of Veterans participating in the VR&E Program. Since the FSSI contract is temporarily suspended, Multiple Award Schedule (MAS) 75 must be utilized until further notice. See the MAS Schedule 75 link to locate vendors: <http://www.gsa.gov/portal/content/101378>.

Existing procurement methods in place with university bookstores, using vouchers and invoices, can also still be used. If a purchase card must be used to purchase office supplies, then MAS 75 must be the first source consulted for these purchases. Alternate sources may be utilized if MAS 75 cannot provide the specific supplies the Veteran needs in a timely manner. If MAS 75 is not used, then the reason must be clearly documented on VAF 28-1905d and filed in the Veteran's CER folder or in a CWINRS note. This justification must be printed and included in the reconciliation packet. Supplies covered by MAS 75 include the following:

- Paper – copy, printer and fax
- Ink/toner
- Pens, pencils and markers
- Binders
- Tape
- Envelopes
- Shredders
- Computer media (including diskettes, disk cartridges and packs, optical disks and CDs)

- Anti-glare/anti-radiation screens (VDT)
- Ergonomic products (including wrist and foot rests)

More information about FSSI can be found at the following website:
<http://www.gsa.gov/fssiofficesupplies>

c. Incidental Goods and Services

Incidental goods and services may be purchased in accordance with 38 CFR 21.156 when determined to be necessary to accomplish the purposes of the Veteran's rehabilitation program. When purchasing incidental goods and services, VR&E staff must document the Veteran's need, what other resources were explored and the outcome of those efforts. Authorization of incidental goods and services should not normally exceed \$1,250 per year. The purchase of incidental goods and services under 38 CFR 21.156 in excess of \$1,250 requires the signature of the VR&E Officer.

Examples of incidental goods and services VR&E staff may purchase for Veterans participating in the VR&E Program include the following:

- Non-certifiable courses (open entry/open exit, with no assigned quarter, semester or clock hours)
- Protective clothing
- Uniforms
- Child care
- Construction

Refer to M28R.V.A.1 for further guidance on the provision of incidental goods and services.

d. Tutorial Assistance

Tutorial assistance may be purchased with a government purchase card as long as the total amount of the service does not exceed \$3,000. This means that a tutor contract may be awarded by the VR&E Officer provided it is under the micro-purchase threshold of \$3,000. The assistance of a local VBA Acquisition Contracting Officer must be used if the total amount of the service is over \$3,000 or if the tutor does not accept the government purchase card. (See M28R.V.B.4 for more information on tutorial assistance.)

5.05 Roles and Responsibilities

The VA Office of Acquisition, Logistics and Construction (OALC) has delegated to VA's Office of Management (OM) the responsibility to manage and operate VA's purchase card program. The VBA Chief Financial Officer has overall responsibility for the organization, implementation and oversight of the government purchase card program within VBA. The program is implemented at the local level as follows:

a. Regional Office (RO) Staff Responsibilities

1. Agency/Organization Program Coordinator (A/OPC)

The A/OPC is appointed at the local level to manage the purchase card program and ensures that mandatory training is provided to VR&E staff prior to the issuance of purchase cards and every two years thereafter for refresher training. The A/OPC sets up new accounts; re-issues expired cards; cancels accounts; changes card limits, master accounting codes and cardholder addresses; and is responsible for other account maintenance functions as required.

2. Finance/Billing/Accounting Office

The Finance/ Billing/Accounting Office will maintain reconciliation packets for recordkeeping and audit purposes. The packets will be kept in accordance with NARA, General Schedule 6 for 6 years and 3 months.

b. Vocational Rehabilitation and Employment (VR&E) Staff Responsibilities

1. VR&E Approving Official (AO)

The AO (typically the VR&E Officer) serves as the initial internal control to prevent or identify fraud, abuse, or misuse of the purchase card. The AO must review statements for accuracy, inappropriate purchases and charges for taxes. After logging on to US Bank Access Online and approving each purchase, the statements are forwarded to the A/OPC for review.

The AO is responsible for the following:

- (a) The AO must request the establishment of new purchase card accounts, as well as single purchase and monthly purchase thresholds.
- (b) The AO must monitor the use of the purchase card by the cardholder to ensure purchases are legitimate expenditures and within guidelines.

- (c) The AO must verify that all transactions made by cardholders and supporting documentation is maintained for 6 years and 3 months in accordance with NARA, General Schedule 6, records retention regulations.
- (d) The AO must ensure that all Federal, VA and local acquisition regulations are followed.
- (e) The AO must review and reconcile monthly purchase card statements using the U.S. Bank reconciliation process.

2. VR&E Cardholder

VR&E cardholders are appointed upon recommendation from the VR&E Officer to make work-related purchases. This streamlines the ability to make purchases, rather than relying on a centralized purchasing office.

The cardholder is responsible for the following:

- (a) The cardholder must equitably distribute open market micro-purchases among all qualified Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) or Veteran-Owned Small Business (VOSBs) to the maximum extent possible (VAAR 813.202).
- (b) The cardholder must comply with single purchase limits and must not split purchases. A split purchase is separating a requirement that exceeds the micro-purchase threshold into two or more buys as a means of bypassing the purchase limit. It should be noted that separate purchases would not be considered a split purchase when there are two separate requirements for two different Veterans. Refer to VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1 for more information on split purchases.
- (c) The cardholder must advise vendors to send sales drafts for purchases made by fax, email, phone, or via the Internet only after an order has shipped (VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1). (A sales draft is a copy of the documentation sent to US Bank to certify the charge.)
- (d) The cardholder must request a refund from the vendor if sales tax is charged when using the government purchase card (VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1). The government purchase card is imprinted with the statement, “US Government Tax Exempt.” The card is exempt from

state taxes in every state but the use of a certificate of exemption form is required in 13 states (see GSA State Tax Information at <https://www.smartpay.gsa.gov/about-gsa-smartpay/tax-information/state-response-letter> for state requirements). If the vendor does not refund the sales tax, the cardholder must annotate the refusal on the receipt and keep the related documents with the receipt.

- (e) The cardholder must be aware that merchants in the U.S. and its Territories are permitted to impose a surcharge on cardholders when a charge or credit card is used (VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1). However, some states have laws which do not allow or limit surcharges. If a merchant is imposing a surcharge, the cardholder may choose to consider another merchant that offers the same or a similar item to avoid paying the surcharge. Refer to GSA Smart Bulletin No. 17 dated January 17, 2013 at the following website for more information: <https://www.smartpay.gsa.gov/news/smart-bulletins>.
- (f) The cardholder must ensure receipt of goods ordered and services rendered (VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1).
- (g) The cardholder must enter all purchase card transactions into CWINRS and the Government Purchase Card Log (see Appendix O, VA Forms). Refer to the CWINRS User Guide, Chapter 6.14.7 for more information on entering purchase card transactions into CWINRS.
- (h) The cardholder must also review and reconcile monthly purchase card statements using the U.S. Bank reconciliation process. Monthly purchase card statements and supporting documentation must be maintained for reconciliation purposes, in accordance with NARA, General Schedule 6, for 6 years and 3 months.

5.06 The Reconciliation Packet

VR&E staff should use the government purchase card to purchase supplies and services for Veterans participating in the VR&E Program to expedite the delivery and processing of payment. Accurate record keeping is critical to the success of the government purchase card program and ensures that any improper, incorrect or fraudulent charges, or duplicate payments are addressed in a timely manner.

VR&E cardholders and AOs will be using a combination of manual and automated reconciliation procedures. The cardholder will continue to maintain a hard copy

reconciliation packet to be sent to the AO for review and final approval. Please note that transactions must be reconciled within US Bank Access Online and the reconciliation packet must be sent to the AO within 15 calendar days of receipt of the bank statement. The cardholder and the Finance/Billing/Accounting Office must keep a copy of the packet for 6 years and 3 months in accordance with NARA, General Schedule 6. The approving official will have 10 calendar days to reconcile/verify the transactions purchased by reviewing the reconciliation packets and approving within US Bank Access Online.

The reconciliation packet must contain the following items at a minimum:

a. The Monthly Purchase Card Statement

The statement must be downloaded and printed from US Bank Access Online. It is available on the 24th of each month. (Remember if the 24th falls on a weekend, then the statement date is the following Monday.) The cardholder has 15 calendar days from the statement date to approve transactions and submit to the approving official. The monthly purchase card statement must be filed with the reconciliation packet.

b. The Government Purchase Card Log

The Government Purchase Card Log (see Appendix O, VA Forms) documents each purchase. The log is part of the reconciliation process and must be filed with the reconciliation packet. The log is used to document transactions and purchases by VR&E. It should be kept electronically and purchases should be sorted to correspond with the purchase card statement.

The log must include the Veteran's full name and case number next to the appropriate transaction on the purchase log for VR&E administrative tracking assistance. It is no longer a requirement to annotate this information directly on the purchase card statement.

c. Supporting Documentation

1. VAF 28-1905m

The VA Form 28-1905m (See Appendix O, VA Forms) must be completed when supplies and equipment are purchased outside of a training facility. It is used to document each purchase and to certify that the items requested and received by the Veteran have been deemed necessary for the successful achievement of a vocational goal.

The Veteran must sign at the bottom of Section B to verify that he/she does not already possess the items purchased and the initiating case manager must sign and authorize the purchase of the requested items.

After receipt of the items, the Veteran must sign the VA Form 28-1905m to certify that the items were received and whether or not the items were in good condition. An email from the Veteran requesting the items and informing the cardholder that the items were received is not sufficient to meet this requirement in terms of documenting in the CER; however, to reconcile the purchase in US Bank Access Online, an email notification of receipt of the item or a CWINRS note verifying receipt of the item is sufficient. The cardholder will still need to obtain a signed 28-1905m to file on the left side of the CER folder.

The VAF 28-1905m must be completed for each purchase and filed in the reconciliation packet. Each section of the form must be filled out as follows:

(a) Section A- To be Submitted to the Department of Veterans Affairs

Section A must be completed by the case manager. All but the VA File Number in Section A must be completed prior to sending the form to a facility or employer, if needed. The case manager must identify the Veteran, his/her rehabilitation goal and the delivery address.

(b) Section B- Request and Certification of Facility or Establishment

Section B may be completed by the case manager, facility official or employer. The case manager, facility official or employer must identify the type of program and sign under Signature and Title of Official to certify that the requested items are necessary for the successful achievement of a vocational goal. The Veteran must sign at the bottom of Section B to verify that he/she does not already possess the items. Upon completion of Section B, the initiating case manager must sign and authorize the purchase of the requested items.

(c) Section C- Receipt of Supplies

Section C is completed by the Veteran. The Veteran either certifies that all equipment or supplies received are in good condition or identifies the specific equipment or supplies received that were determined to be damaged or unacceptable.

2. Purchase Documentation

The reconciliation packet must contain appropriate documentation for each purchase that matches the information listed on the monthly purchase card statement. A copy of the purchase documentation must also be attached to VAF 28-1905m and filed on the left side of the Veteran's CER folder. This verifies that purchases are within regulations and supports each transaction.

In accordance with VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1, the following identifies valid documentation that must be used to verify and reconcile purchases:

- (a) When a purchase is made in person, the cardholder must obtain a customer copy of the detailed charge slip.
- (b) When making purchases by e-mail, fax, or telephone, the cardholder must obtain written confirmation (in the form of a detailed listing) of the order from the vendor.
- (c) When making a purchase via the Internet, the cardholder must print the electronic confirmation associated with the order. The print out must include the detailed listing of the order.

3. Purchase Justification

It is the responsibility of VR&E staff to properly implement criteria and guidelines outlined in M28R.V.A.3 and 4 to ensure that purchases are within the scope of services allowable by the VR&E Program. Documentation used to justify each purchase must be filed in the reconciliation packet. The VRC must also ensure that justification for the purchase is documented on VAF 28-1905d, attached to VAF 28-1905m and filed on the left side of the Veteran's CER folder, or in a CWINRS note.

4. Purchase Card Checklist

The Purchase Card Checklist for Single Purchases \$3,000 and Below (Micro-Purchase) (See Appendix O, VA Forms) is provided as a tool to assist in the transaction process. Cardholders are required to complete a checklist for every purchase and it must be filed in the reconciliation packet. It is the responsibility of the cardholder to ensure that certain items on the checklist are completed prior to the transaction being placed, and that other items are completed during the reconciliation process. For

purchases for Veterans participating in the VR&E Program, an approved rehabilitation program satisfies the requirements for funds availability and prior approval.

5. Other Back-up Documents

Other back-up documents can be used to verify that purchases are within regulations and to support each transaction.

Other examples of supporting documentation that may be used include a quote from a vendor, a course syllabus, or an email from a Veteran. This information must be filed in the reconciliation packet. These items must also be attached to VAF 28-1905m and filed on the left side of the CER folder or in a CWINRS note.

5.07 Reconciliation Procedures

a. VR&E Cardholder

The cardholder must reconcile the statement by using the following guidelines:

1. Print the monthly purchase card statement from US Bank Access Online. Statements are available on the 24th of each month. (Remember if the 24th falls on a weekend, then the statement date is the following Monday.) This establishes the reconciliation time frame requirements. Reconciliation procedures must be completed and submitted to the approving official within 15 calendar days.
2. Include the items listed in section 5.06 of this chapter in the reconciliation packet. Make sure that the purchase card log is sorted to correspond with the purchase card statement and that the Veteran's full name and case number is annotated next to the appropriate transaction on the purchase log for VR&E administrative tracking assistance.
3. Verify each transaction on the purchase card statement and compare it with purchase documentation in the reconciliation packet.
4. Identify discrepancies during the reconciliation process and ensure that they are corrected. Examples include duplicate billed, partially billed, and erroneous charges.
5. Log on to US Bank Access Online and approve each purchase. This is the cardholder's certification that goods and services were received and that

the dollar amounts are correct. It is important to note that the cardholder must not approve a pending purchase in US Bank Access Online until all items in the reconciliation packet have been completed for the purchase. Once the reconciliation packet is completed for a purchase, the cardholder must log on to US Bank Access Online, click the box to select the transaction and then select "Approve." On the next screen the cardholder must select the appropriate approver so that the transaction can be forwarded to the approving official for final approval, then select "Approve."

Cardholders are responsible for attempting to resolve disputes with vendors before placing the transactions in formal dispute with the US Bank. If the vendor refuses to correct the problem within 30 days, the purchase can be considered a dispute. Cardholders and/or the A/OPC must take the following actions:

- Write "disputed charge" on the statement of account beside the appropriate transaction.
 - Initiate dispute process in US Bank Access Online. US Bank will research the transaction and seek resolution with the vendor.
6. Verify that purchase card transactions are entered into CWINRS. See the CWINRS User Guide, Chapter 6 for further guidance.
 7. Submit the reconciliation packet to the approving official for approval. Approving Official

The approving official must review and certify detailed transactions made by cardholders as proper and legal purchases for the government by using the following guidelines:

1. Log on to US Bank Access Online and approve cardholder transactions within 10 calendar days of receipt of the cardholder reconciliation packets. It is important to note that the approving official must not approve a purchase as final until a complete reconciliation packet for the purchase has been received and reviewed to ensure that the purchase is proper and legal. Once the approving official receives a completed reconciliation packet, the approving official must log on to US Bank Access Online, click the box to select the transaction and then select "Approve." On the next screen the approving official must click on "No further approval needed for these transactions" then select "Approve."

It is important to note that the approving official may also reject a transaction by selecting "Reject" if there are issues with the charge or items missing from the reconciliation packet. On the next screen the approving official must check "Other" to enter comments on why the charge is rejected (e.g., missing signature on the 1905m, a purchase log that is missing the Veteran's full name and case number for each purchase, etc.).

Cardholders can see comments entered by the approving official by clicking on "Rejected" in the Approval Status column.

2. Use the government purchase card log as a part of the reconciliation process for VR&E administrative tracking assistance.
3. Verify that purchase card transactions have been entered into CWINRS.
4. Verify that purchased items on the purchase card statement are proper and legal. This means that purchases are for government use only and are tax-exempt. Approving purchases in US Bank Access Online certifies that goods were received and dollar amounts are correct. It is the responsibility of VR&E staff to properly implement criteria and guidelines outlined in M28R.V.A.3 and 4 to ensure that purchases are within the scope of services allowable by the VR&E Program.
5. Ensure the cardholder purchases are within the single and monthly purchase limits.
6. Verify purchases were not split in order to stay within the spending limits.
7. Work with cardholders to resolve problems and disputes.
8. Follow-up with the cardholder by the 15th day of each month if the complete reconciliation packet has not been received from the cardholder. Cardholders without activity during the cycle will not receive a statement of account.

5.08 Mandatory Purchase Card Training

The VR&E cardholder and AO must complete mandatory purchase card online training via the Talent Management System (TMS) prior to beginning official duties. The A/OPC will certify on the VAF 0242 that the cardholder and AO have completed the purchase card training and understand the policies and regulations associated with the program. The cardholders and AO must complete the required refresher training every 2 years.

5.09 Written Delegation of Authority

All individuals making purchases on behalf of the government must have a written delegation of authority. VAF 0242 must be used for both the certification of training and delegation of authority. This form is kept on file by the A/OPC for review purposes.

5.10 Internal Audit Reviews

Internal audit reviews are conducted to validate program compliance and to ensure that policies and procedures are being followed. It also ensures the procurement and fiscal integrity of the program.

Required VBA reviews are as follows:

a. Monthly Purchase Card Reconciliation Review

The VR&E cardholder and AO are required to perform monthly purchase card reconciliation. The monthly reconciliation packet will be forwarded to the A/OPC for final review and filing.

b. Annual Audits

A mandatory annual audit of each cardholder account is used to confirm the integrity of the purchase card program. The RO Director or designee will perform the audit review of each cardholder. The review is to provide assurances that controls are properly implemented. The review will be documented, maintained on file and made available to any review or audit team upon request.

c. Focus Reviews

Each RO will conduct two focus reviews each calendar year. The reviews will be conducted for the periods of January through April and May through August. The RO Director or designee will perform the focus reviews to provide assurance that controls are properly implemented. The focus reviews must be documented, maintained in a file and made available to any review or audit team upon request.

5.11 VA Management Quality Assurance (MQAS)

The Office of Business Oversight's (OBO) MQAS will perform reviews on a routine basis (VA Financial Policies and Procedures, Government Purchase Card, Volume XVI–Chapter 1). Annual summaries of these reviews are provided to VA senior management. Results of the quarterly reviews will be shared with facility level

managers having compliance issues. MQAS will also forward reviews to the Financial Services Center (FSC) to be included in the semi-annual report to Office of Management and Budget (OMB).

Transactions are randomly selected each month for random audits and data mining. When a transaction is selected for a MQAS audit, the reconciliation packet must be provided to the A/OPC. Responses and supporting documentation must be returned by said deadlines or the A/OPC will be notified to suspend the cardholder's account.

Reviews may include, but are not limited, to the following areas:

- Timely reconciliation by cardholder and AO.
- Proper costing of purchases.
- Proper billing by the vendor.
- Sufficient supporting documentation and proper retention.
- Review of certification forms to determine separation of duties and account thresholds.
- Review of purchases to determine if intentional split purchases were made to avoid exceeding established single purchase threshold.
- Training certificates to ensure initial training occurred and refresher training is current.